

Comparison of Current Income Tax Code (LB 968) with Governor's Income Tax Reform Proposal

Current Brackets

Brackets	Married, Filing Joint	Head-of-Household	Single	Marginal Tax Rate
1	\$0 - \$4,000	\$0 - \$3,800	\$0 - \$2,400	2.56%
2	\$4,000 - \$31,000	\$3,800 - \$25,000	\$2,400 - \$17,500	3.57%
3	\$31,000 - \$50,000	\$25,000 - \$35,000	\$17,500 - \$27,000	5.12%
4	Over \$50,000	Over \$35,000	Over \$27,000	6.84%

Proposed Brackets

Brackets	Married, Filing Joint	Head-of-Household	Single	Marginal Tax Rate
1	\$0 - \$32,000	\$0 - \$24,000	\$0 - \$16,000	3.07%
2	\$32,000 - \$90,000	\$24,000 - \$75,000	\$16,000 - \$45,000	5.12%
3	Over \$90,000	Over \$75,000	Over \$45,000	**See Below

Proposed Top Marginal Tax Rate **

Tax Year	Top Tax Rate
2007	6.84%
2008	6.60%
2009	6.25%
2010	5.95%

Changes:

- Eliminate a bracket by condensing four brackets to three.
- Expand brackets to reflect middle-class incomes.
- Lower top marginal rate incrementally over four years; from 6.84 percent in 2007 to 5.95 percent in 2010.
- Index brackets, beginning in 2011.
- Eliminate marriage penalty.

Proposal also includes elimination of Nebraska's estate tax and repeal of the sales tax on commercial construction and labor.